



BILLING CODE 921103

MILLENNIUM CHALLENGE CORPORATION

[MCC FR 18-15]

Notice of Entering into a Compact with the Senegal

AGENCY: **Millennium Challenge Corporation.**

ACTION: Notice.

SUMMARY: In accordance with Section 610(b)(3) of the Millennium Challenge Act of 2003, as amended, and the heading "Millennium Challenge Corporation" of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2018, as carried forward by the Continuing Appropriations Act, 2019, the Millennium Challenge Corporation (MCC) is publishing a summary of the Millennium Challenge Compact between the United States of America, acting through MCC, and the Republic of Senegal, acting through the Ministry of Economy, Finance and Planning. Representatives of MCC and Senegal signed the compact on December 10, 2018. The complete text of the compact has been posted at:
<https://www.mcc.gov/resources/doc/compact-senegal-power>.

Dated: December 17, 2018.

Jeanne M. Hauch,
VP/General Counsel and Corporate Secretary.

SUMMARY OF SENEGAL COMPACT

Overview of MCC Senegal Compact

MCC's five-year, \$550,000,000 Compact with the Government of Senegal (the "Government") is aimed at addressing one of Senegal's main binding constraints to economic growth: the high cost of energy and low access to electricity. The Compact will address these constraints through three primary projects: (i) improving the transmission network to meet the growing demand on the interconnected network in Senegal, (ii) increasing electricity access in rural and peri-urban areas of the south and central regions, and (iii) improving the overall governance and financial viability of the sector.

Senegal is an important partner of the United States in promoting peace and security in Africa. The country shares many fundamental values and international goals with the United States, and it has set an example of democratic rule in the region as well as of ethnic and religious tolerance. It is a stable democracy in a challenging West Africa region, a strong security partner, and a rising economy that is attracting global investment. MCC's singular focus on growth and poverty reduction—along with its ability to combine major infrastructure works with policy change—allows the agency and the Compact to play a key role in catalyzing transformation in Senegal.

Project Summaries

The Compact is comprised of three projects designed to secure quality electricity supply for growing demand in Senegal and address binding constraints to growth.

- The **Modernizing and Strengthening Senelec's Transmission Network Project** aims to strengthen and increase the reliability of Senegal's high-voltage transmission network in and around greater Dakar and improve electricity service delivery throughout the country.

This support for a robust transmission network is needed for Senegal to effectively capitalize on private sector-led investment in generation and to ensure that electricity is delivered reliably to consumers. This is particularly important since much of the private sector interest is in new, lower-cost generation projects including wind, solar, and natural gas that rely heavily upon a reliable, stable transmission network.

- The **Increasing Access to Electricity in Rural and Peri-Urban Areas Project** aims to extend the electrical grid in selected areas in Senegal's south and center regions that have high economic potential but low connection rates. Through a blend of supply-side and demand-side interventions, this project also aims to increase rates of adoption and consumption of electricity, facilitate opportunities for income-generating activities in these regions, and improve the understanding of energy efficiency at a national level. This project offers several opportunities for collaboration with related United States Government initiatives, including Feed the Future and Power Africa, and with other donors that are providing complementary support to agricultural value chains in MCC's areas of assistance, thereby increasing the potential value of the MCC assistance.
- The **Power Sector Enabling Environment and Capacity Development Project** aims to strengthen laws, policies and regulations governing the electricity sector, as well as the institutions responsible for implementing them, especially the utility, the regulator, and the ministry responsible for energy. In particular, the project aims to support improved management of the transmission network and increased access to electricity, reinforcing the foundations for the provision of a less costly and more reliable supply of electricity nationwide. The project builds on a participatory electricity sector planning process that MCC funded during compact development to help the Government articulate and select an

appropriate long-term vision for the sector that favors more private sector participation and enhances the financial sustainability of the sector and its key stakeholders.

Compact Budget

Table I presents the Compact budget and sets forth both the MCC funding allocation by Compact components and the Government's expected \$50 million contribution toward the objectives of the Compact.

Table 1: Senegal Compact Budget

Component	Amount
1. Modernizing and Strengthening Senelec's Transmission Network Project	
1.1 Transmission Network Build Out Activity	\$327,900,000
1.2 Transformer Replacement Program Activity	\$26,000,000
1.3 Grid Stabilization Activity	\$22,900,000
Subtotal	\$376,800,000
2. Increasing Access to Electricity in Rural and Peri-Urban Areas Project	
2.1 Supply-Side Activity	\$33,000,000
2.2 Consumer Demand Support Activity	\$13,400,000
2.3 Distribution Network Reinforcement Activity	\$10,900,000
Subtotal	\$57,300,000
3. Power Sector Enabling Environment and Capacity Development Project	
3.1 Sector Governance Activity	\$14,000,000
3.2 Regulatory Strengthening Activity	\$11,900,000
3.3 Utility Strengthening Activity	\$17,600,000
Subtotal	\$43,500,000
4. Monitoring and Evaluation	\$11,800,000
5. Program Administration and Oversight	\$60,600,000
Total MCC Funding	\$550,000,000

Total Program Budget	Amount
Total MCC Funding	\$550,000,000
Total Government Contribution	\$50,000,000
Total Program Budget	\$600,000,000